

EXHIBIT B

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UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA

JENS ERIK SORENSEN, as Trustee of
SORENSEN RESEARCH AND
DEVELOPMENT TRUST,

Plaintiff,

v.

GIANT INTERNATIONAL (USA) LTD., a
Delaware corporation, and DOES 1-10,

Defendants.

) Case No. 07-CV-02121-BTM-CAB

)

)

) **OPPOSITION TO DEFENDANT'S**
) **MOTION TO STAY PENDING OUTCOME**
) **OF REEXAMINATION PROCEEDINGS**

)

) Date: February 8, 2008

) Time: 11:00 a.m.

) Courtroom 15 – 5th Floor

) The Hon. Barry T. Moskowitz

)

) *NO ORAL ARGUMENT*

) *UNLESS REQUESTED BY THE COURT*

)

) **PLAINTIFF HAS FILED A SEPARATE**
) **REQUEST TO CONDUCT ORAL**
) **ARGUMENTS WITH REGARD TO THIS**
) **MATTER**

)

JENS ERIK SORENSEN, as Trustee of
SORENSEN RESEARCH AND
DEVELOPMENT TRUST,

Cross-Defendant.

)

)

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SUMMARY OF OPPOSITION

Defendant/Counterclaimant Giant's motion for stay should be DENIED because there is a substantial likelihood that the non-moving Plaintiff would suffer prejudice as a result of a complete stay in the form of loss of evidence, inability to timely name additional defendants, and in other ways.

Because of the likelihood of prejudice to Plaintiff is high, Giant would have to make out a clear case of hardship which it has not, and Giant is estopped via its judicial admissions from doing so. Defendant's Counterclaim states that Giant will suffer "irreparable harm" if this case is not "promptly adjudicated." Defendant is bound by its pleadings.

A balancing of the parties' interests weigh in favor of a partial stay of proceedings that would allow this case to reach procedural parity with the related Sorensen v. Black & Decker, Case No. 06-CV-1572 case for a joint claim construction hearing of the two cases after the '184 patent reexamination is completed.

Plaintiff respectfully requests that the Court deny Giant's Motion for Stay and issue an alternative order, which is a PARTIAL stay of the case, postponing claim construction briefing and trial, but allowing the parties to proceed with discovery related to production methods, sales data, motion practice and other matters for which claim construction is not critical, including discovery to identify all proper defendants, to avoid the delays and potential loss of evidence.

FACTUAL SUMMARY

Procedural Status of This Case. On November 6, 2007, Plaintiff Sorensen Research and Development Trust ("SRDT") filed this action for patent infringement against Defendant Giant International (USA) Ltd. ("Giant"). On December 3, 2007, Giant filed a Counterclaim along with its answer, including the following allegation:

1 10. Giant will be damaged in its business by the aforesaid charges of
2 infringement by Soresen [sic] and will be irreparably harmed if the
3 existing controversy between the parties is not promptly adjudicated.

4 Docket #7, page 12:1-3 (emphasis added).

5 Both a Reply and the Magistrate's ENE Order were filed the following day,
6 setting an ENE conference for January 28, 2008. On December 10, 2007, Giant
7 reversed its position and filed the pending Motion for Stay, asking for an indefinite
8 delay in the litigation pending the outcome of a patent reexamination filed by Black
9 & Decker.

10 *Status of Relevant Evidence.* Giant's attorneys have informally advised
11 SRDT's counsel that all of Giant's manufacturing personnel and information are
12 located in China. *Kaler Decl.* ¶ 3. Thus, to SRDT's knowledge, all of the
13 manufacturing process information is likely held by companies over which this Court
14 has no jurisdiction. *Id.*

15 Giant is owned by a myriad of foreign companies. According to Docket #8
16 Statement of Financial Interest, Giant has disclosed that it is 100% owned by a
17 British Virgin Island entity, which is in turn 100% owned by a Bermuda entity with a
18 principal place of business in Hong Kong and publicly traded on the Singapore
19 Exchange. This Bermuda company is partly owned by two British Virgin Islands
20 entities, which are in turn 100% owned by a Hong Kong entity. It is unknown which
21 company or companies have access and/or control to the relevant manufacturing and
22 process information. *Kaler Decl.* ¶ 4.

23 *Status of '184 Patent Reexaminations.* As the Court is aware, another patent
24 infringement case involving the '184 patent, Sorensen v. Black & Decker
25 Corporation, et al, Case No. 06cv1572, has been stayed pending a third-party patent
26 reexamination requested filed in July 2007 by Black & Decker ("1st reexamination").
27 The 1st reexamination is already in its seventh month and the first office action has
28 not yet issued. *Kaler Decl.* ¶ 5.

1 Plaintiff declined to file an optional patent owner's statement in response to
2 the reexamination request in order to shorten the reexamination process. Black &
3 Decker was thereby barred from a second filing with the USPTO. *Kaler Decl.* ¶ 6.
4 Shortly thereafter, and a full six months after the 1st reexamination request had been
5 filed, co-defendants Phillips Plastics and Hi-Tech Plastics filed their own third-party
6 reexamination request ("2nd reexamination") with the USPTO, citing some of the
7 same prior art listed in the 1st reexamination request. *Kaler Decl.* ¶ 7. Although the
8 USPTO has not yet issued any response to the 2nd reexamination request, it is likely
9 that this 2nd reexamination request will significantly delay completion of the
10 reexamination. *Kaler Decl.* ¶ 8.

11 12 ARGUMENT

13 14 **I. A COMPLETE STAY IS INAPPROPRIATE BECAUSE OF UNDUE** 15 **PREJUDICE AND A CLEAR TACTICAL DISADVANTAGE TO THE** 16 **NON-MOVING PARTY.**

17 The court is not required to stay judicial resolution of a patent case in view of
18 reexaminations. *Viskase Corp. v. American Nat. Can Co.*, 261 F.3d 1316, 1328
19 (Fed. Cir. 2001). A court must weigh the parties competing interests as presented by
20 the specific facts of the case at bar. *Jain v. Trimas Corp.*, 2005 WL 2397041, at *1
21 (E.D.Cal. Sept. 27, 2005).

22 When determining the appropriateness of a stay pending a patent
23 reexamination, courts consider three factors: "(1) whether a stay would unduly
24 prejudice or present a clear tactical disadvantage to the nonmoving party; (2)
25 whether a stay will simplify the issues in question and trial of the case; and (3)
26 whether discovery is complete and whether a trial date has been set. *Ricoh Co. v.*
27 *Aeroflex Inc.*, 2006 WL 3708069, at *2 (N.D.Cal. Dec. 14, 2006) (quoting *ASCII*
28 *Corp. v. STD Entertainment USA, Inc.*, 844 F. Supp. 1378, 1380 (N.D.Cal. 1994));

1 *see also Jain*, 2005 WL 2397041, at *1; *KLA-Tencor Corp. v. Nanometrics, Inc.*,
2 2006 WL 708661, at *2 (N.D.Cal. Mar. 16, 2006).

3 In this case, Plaintiff would be unduly prejudiced and subjected to a clear
4 tactical disadvantage by a complete stay for the following reasons: (A) loss of
5 evidence during the stay; (B) delay in Plaintiff's filing of a motion to invoke the 35
6 U.S.C. ¶ 295 presumption of infringement to establish the burden of proof; (C)
7 inability to identify and serve all defendants; (D) being subjected to an indefinite stay
8 as a result of multiple, staggered reexamination requests by accused infringers; and
9 (E) a corresponding delay in claim construction of the related Black & Decker case
10 until this case reaches procedural parity.

11 The prejudice described above (and any claimed prejudice to the moving
12 party) can be ameliorated through a partial stay directed only to claim construction
13 discovery, briefing and hearing. Such a partial stay would allow other discovery to
14 proceed. It would then allow claim construction to proceed immediately after lift of
15 the stay in the Black & Decker case (see Section III, below).

16
17 A. Plaintiff Will Be Prejudiced Through The Loss Of Evidence.

18 Plaintiff will likely suffer substantial prejudice if a complete stay is granted in
19 this case because the intervening time will result in the loss of crucial, relevant
20 evidence. Motions to stay pending patent reexamination have been denied where the
21 likely length of reexamination served to exacerbate the risk of lost evidence. In
22 *Telemac Corp. v. Teledigital, Inc.*, 450 F.Supp.2d 1107, 1111 (N.D.Cal. 2006), the
23 court noted:

24 [Defendant's] failure to preserve individual records suggests that
25 further delay could lead to further loss of information. Although the
26 likely length of reexamination is not, in itself, evidence of undue
27 prejudice, in the circumstances of this case, a possible lengthy delay
28 would put [plaintiff] at a clear tactical disadvantage. The Court finds
that this favor weighs strongly against a stay.

1 *Id.*

2 In this case, a delay of several years would make it extraordinarily difficult to
3 locate information regarding the process used to manufacture the accused products,
4 as well as damages and willfulness. No initial disclosures have been exchanged.
5 Plaintiff cannot confirm location of manufacture of the accused products or the
6 identity of knowledgeable witnesses and other evidence. Plaintiff is unaware of
7 whether relevant documents and witnesses are within the control of the named
8 Defendant or non-parties. If the supplier is, as appears probable, a third-party
9 Chinese contractor, Plaintiff cannot compel discovery of evidence, and Giant may
10 not have the ability or authority to preserve any such evidence.

11 The likely length of multiple reexaminations¹ will only serve to exacerbate the
12 high risk of loss of evidence in this case. Thus, as in *Telemac*, a stay will serve to
13 unduly prejudice Plaintiff and place Plaintiff at a clear tactical disadvantage in its
14 efforts to prove its case of infringement.

15 The loss of critical evidence of the actual processes utilized to manufacture the
16 accused products is a very real risk over the course of time between now and when
17 the two reexaminations are completed. The likelihood of this loss is magnified if
18 Plaintiff is unable to even perform preliminary discovery to learn who has the
19 manufacturing information and take appropriate legal steps to at least preserve, if not
20 immediately access, that information. Therefore, a complete stay should not be
21 granted.

22
23
24 ¹ Reexaminations generally take from six months to three years. *Telemac*, 405 F.
25 Supp.2d at 1110 (citing *In re Cygnus Telecomm. Tech., LLC Patent Litig.*, 385 F.Supp.2d
26 1022, 1023 (N.D.Cal. 2005). The '184 patent reexamination is already in its seventh month
27 and the first office action has not yet issued. Furthermore, a second reexamination has been
28 filed by Defendants in the Sorensen v. Black & Decker, et al. case, further delaying
completion of the reexamination process.

1 B. Plaintiff Will Be Prejudiced Through a Delay in Filing a Motion for
 2 Invoking the 35 U.S.C. § 295 Presumption of Infringement.

3 The '184 patent is a process patent and requiring Plaintiff to conduct discovery
 4 of the actual manufacturing process to prove its infringement case. Plaintiff cannot
 5 gain access to the manufacturing plants where the accused products are
 6 manufactured without the authority of legal processes through this suit. This
 7 problem is the reason for the existence of 35 U.S.C. § 295² and its presumption of
 8 infringement when a process patent holder makes reasonable efforts to obtain
 9 process information, but without success.

10 In this case, Plaintiff made reasonable efforts pre-litigation to obtain process
 11 information from Giant as to the accused products. SRDT's counsel wrote letters
 12 asking for process information and notifying Giant of the intent to use the 35 U.S.C.
 13 § 295 presumption of infringement if insufficient information were provided. *Kaler*
 14 *Decl.* ¶ 9.

15 Prior to initiation of this case, Giant's counsel asserted that "all of Giant's
 16 manufacturing people and manufacturing information is [*sic*] in China." It follows
 17 that plants, molds and other tooling, drawings and other process evidence may be
 18 beyond the Court's power to compel discovery. Giant has already represented to the
 19 Court that the only decision-makers for this Giant that could attend an ENE were
 20 both located in Hong Kong. Docket #16, *Borland Declaration*, ¶ 5.

21 Plaintiff must be allowed the opportunity to file a motion to invoke the 35
 22 U.S.C. § 295 presumption of infringement so that both parties can know who will
 23 have the burden of proof as to the manufacturing process when this case proceeds.

24 ² "In actions alleging infringement of a process patent based on the importation, sale,
 25 offer for sale, or use of a product which is made from a process patented in the United
 26 States, if the court finds-- (1) that a substantial likelihood exists that the product was made
 27 by the patented process, and (2) that the plaintiff has made a reasonable effort to determine
 28 the process actually used in the production of the product and was unable to so determine,
 the product shall be presumed to have been so made, and the burden of establishing that the
 product was not made by the process shall be on the party asserting that it was not so
 made." 35 U.S.C. § 295.

1 Resolving the issue of burden of proof as to the accused processes would focus the
 2 issue of potential loss of evidence in China (if Plaintiff bears the burden), or
 3 Defendant's self-interest in protecting and preserving the evidence if Defendant
 4 bears the burden of proof.

5 If Plaintiff cannot discover the location and custodian of manufacturing
 6 process information until the completion of reexamination which might be delayed
 7 for years, it is entirely likely that the evidence will simply disappear.

8
 9 C. Plaintiff Will Be Prejudiced Through Inability To Identify and Serve All
 10 Proper Defendants.

11 Federal Rules of Civil Procedure, Rule 15, places limitations on a party's
 12 ability to amend pleadings to add or substitute parties, as well as placing restrictions
 13 on when such amendments relate back to the date of the initial filings.

14 (c) Relation Back of Amendments.

15 (1) *When an Amendment Relates Back.* An amendment to a pleading
 16 relates back to the date of the original pleading when:

17 ...

18 (C) the amendment changes the party or the naming of the party
 19 against whom a claim is asserted, if Rule 15(c)(1)(B) is satisfied
 20 and if, within the period provided by Rule 4(m) for serving the
 21 summons and complaint [120 days from original filing], the party
 22 to be brought in by amendment:

23 (i) received such notice of the action that it will not be
 24 prejudiced in defending on the merits; and

25 (ii) knew or should have known that the action would have
 26 been brought against it, but for a mistake concerning the
 27 proper party's identity.

28 Fed.R.Civ.P. Rule 15(c).

The substitution of a named party for a fictitious party named in a prior
 complaint is considered a change of parties, not a change of name of the original
 party, for purposes of applying relation back doctrine. *Bowden ex rel. Bowden v.*
Wal-Mart Stores, Inc., 124 F.Supp.2d 1228 (M.D.Ala. 2000).

1 In this case, Plaintiff has named one Defendant, and identified 100 DOES as
2 responsible parties to the manufacture, import, sale and/or offer for sale of the
3 accused products. It is substantially likely that additional companies are involved in
4 these actions, but Plaintiff cannot identify or name them until some preliminary
5 discovery is done, including initial disclosures.

6 If Plaintiff is precluded from conducting discovery that would allow it to
7 identify all potential defendants, add them to the case, and serve them with the
8 Complaint, Plaintiff could later be precluded from adding them to the case. This
9 would result in prejudice to Plaintiff and provides further grounds for denial of this
10 motion for stay.

11 Potential defendants that are not made aware of this suit may also be in a
12 position to claim that they would be prejudiced by late addition to the suit because
13 they did not have the opportunity to preserve their own evidence.

14 A complete stay of litigation before any preliminary steps are taken to identify
15 proper parties and ensure initial discovery or preservation of evidence greatly
16 prejudices the Plaintiff and may well prejudice the entire judicial process in this case.

17
18 D. Plaintiff Will Be Prejudiced and Placed at a Tactical Disadvantage By
19 Being Subjected To An Indefinite Stay Predicated on Multiple
20 Reexamination Requests.

21 Defendant Giant seeks a tactical advantage over Plaintiff through use of the
22 serendipitous event of patent reexamination proceedings filed by other accused
23 patent infringers. In considering this motion, the Court should review the current
24 status of those reexamination proceedings and the Black & Decker defendants'
25 attempts to extend the '184 patent reexamination process.

26 The patent reexamination referred to in Giant's motion was filed by Black &
27 Decker after almost a year of intense patent infringement litigation before this very
28

1 Court.³ Black & Decker's reexamination request was filed with the USPTO when a
2 claim construction hearing, and trial of affirmative defenses and willfulness, already
3 on calendar to commence within a matter of months. The timing of the
4 reexamination filing was immediately after the entry of an order adverse to Black &
5 Decker on a hotly contested issue between the parties – turnover of the documents of
6 Black & Decker's late employee, Dennis Dearing ("Dearing Documents").

7 On July 26, 2007, U.S. Magistrate Judge Cathy A. Bencivengo ordered Black
8 & Decker to turn over the so-called Dearing Documents. Docket # 177 from the
9 Black & Decker case. Black & Decker had vigorously opposed Sorensen's request
10 for these documents in multiple briefings and arguments over the course of several
11 months. Only four days after the Judge Bencivengo's order to for Black & Decker to
12 produce the documents, and without having provided them, Black & Decker filed a
13 petition for reexamination of the '184 patent and a request to stay the lawsuit. See
14 Docket # 178 from Black & Decker case. Black & Decker also appealed Judge
15 Bencivengo's order up to Judge Moskowitz. Docket # 240 from Black & Decker
16 case.

17 This Court ordered a stay of the Black & Decker lawsuit pending the
18 reexamination request, citing the delay between the initial infringement contact and
19 lawsuit filing (something not present in the Giant case) as one of the factors in its
20 decision. The Court further noted that reexamination proceedings are required to be
21 conducted with special dispatch. Docket # 243 in Black & Decker case.

22 Plaintiff has been expeditiously proceeding with the reexamination
23 proceedings with the USPTO. Plaintiff elected not to file an optional patent owner's
24 statement, in order to shorten the reexamination process. Consistent with their
25 history of delaying tactics, defendants in the Black & Decker case seek further delay
26 of the lawsuit by filing a second reexamination.

27 ³ Sorensen Research and Development Trust v. Black & Decker Corporation, et al,
28 Case No. 06cv1572.

1 On December 21, 2007, Black & Decker's co-defendants, Phillips Plastics and
2 Hi-Tech Plastics, filed a second petition for reexamination to the PTO. This second
3 reexamination filing was made only nine days after Judge Moskowitz affirmed Judge
4 Bencivengo's order requiring Black & Decker to produce the Dearing Documents
5 (see Docket # 263 in Black & Decker case), and very shortly after Plaintiff declined
6 to file the optional patent owner's statement in the first reexamination.

7 Without regard to the lack of merit to the two reexamination petitions, the
8 second reexamination will further delay the eventual conclusion of reexamination
9 proceedings on the '184 patent.

10
11 E. Plaintiff Will Be Prejudiced By a Complete Stay Which Would
12 Introduce Additional Delay Into The Black & Decker Case.

13 In June 2007, the Court stated its intention to conduct a consolidated claim
14 construction hearing on all of the '184 patent cases. Docket # 147, page 4, in the
15 Black & Decker case.

16 The Black & Decker stay issued after a year of heavy litigation and discovery,
17 only shortly before a scheduled claim construction hearing. Upon completion of
18 reexamination, the Black & Decker case would be ready for rescheduling of a claim
19 construction hearing within 90 days of termination of the stay. Assuming that the
20 Court proceeds with a consolidated claim construction with other '184 patent cases
21 that have not completed a year of discovery, it would take many months before the
22 other cases would be procedurally ready for claim construction. Thus, the delays
23 would compound each other, making a complete stay of this case a substantial
24 extension of the delay in the Black & Decker case.

25 It is the best use of judicial resources that this Court conduct a single claim
26 construction hearing on all pending '184 patent cases. For the Court to accomplish
27 that goal, the more recently filed cases would need to be advanced to procedural
28 parity with the Black & Decker case, a task that can be best accomplished by

1 denying the pending motion and allowing discovery and motion practice prior to
2 claim construction to proceed.

3 Because Plaintiff has demonstrated the substantial likelihood of prejudice if a
4 complete stay is issued, Defendant's motion should be denied.

5
6 **II. GIANT HAS FAILED TO DEMONSTRATE ANY HARDSHIP, AND IS**
7 **JUDICIALLY ESTOPPED FROM CLAIMING HARDSHIP BY ITS**
8 **JUDICIAL ADMISSION THAT GIANT WOULD BE IRREPARABLY**
PREJUDICED IF THE CASE "IS NOT PROMPTLY ADJUDICATED."

9 A. Defendant has not demonstrated that it will suffer any hardship if it
10 must proceed with this case.

11 "The suppliant for a stay must make out a clear case of hardship or
12 inequity in being required to go forward, if there is even a fair possibility that the
13 stay for which he prays will work damage to someone else." *IMAX Corp. v. In-*
14 *Three, Inc.*, 385 F.Supp.2d 1030, 1032 (C.D. Cal. 2005) (emphasis added) (quoting
15 *Unidisco v. Schattner*, 210 U.S.P.Q. 622, 629 (D.Md.1981) (citing *Landis v. North*
16 *Am. Co.*, 299 U.S. 248, 255, 57 S.Ct. 163, 81 L.Ed. 153 (1936)). There is a
17 substantial risk that Plaintiff will be damaged by a stay, and Giant has not shown that
18 it will suffer hardship or inequity if its motion for stay is denied. Giant's moving
19 papers do not identify any hardship that Giant would suffer beyond that of being a
20 defendant in a patent infringement case.

21 Giant cites *In re Trans Texas Holdings Corp.*, 2007 U.S.App. LEXIS 19909,
22 at *14-19 (Fed. Cir. Aug. 22, 2007) case for the proposition that Defendant could
23 suffer irreparable harm if the Court found the patent valid and infringed, and
24 Defendant could pay damages that it might not recover in the event of a later USPTO
25 finding of invalidity. This sole claim of prejudice is entirely mooted if the Court
26 issues a partial stay as to claim construction and trial, while allowing discovery and
27 other matters to go forward during reexamination.

28 Not only has Giant failed to demonstrate any hardship, Giant is estopped from

1 asserting that it will be prejudiced by the denial of a stay because it has asserted in its
 2 Counterclaim that it would be “irreparably harmed” if this case is not “promptly
 3 adjudicated.”

4
 5 B. Giant Has Judicially Admitted That It Would Be Irreparably Harmed
 6 By Any Stay Or Delay Of Adjudication Of The Present Lawsuit.

7 In *IMAX Corp. v. In-Three, Inc.*, 385 F.Supp.2d 1030, 1032 (C.D.Cal. 2005)
 8 (emphasis added) (quoting *Unidisco v. Schattner*, 210 U.S.P.Q. 622, 629
 9 (D.Md.1981), the court denied a stay in part because both parties claimed in their
 10 motions for preliminary injunction that they would be irreparably damaged absent
 11 immediate action from the court. Although the court denied both preliminary
 12 injunction motions, it accepted both parties’ representations that they will be
 13 prejudiced by further delays. “A swift resolution of the issues, according to both
 14 parties, is in the best interest of all involved.”

15 Giant and its attorneys have asserted in Rule 11-governed pleadings⁴ the
 16 existence of irreparable harm if this dispute is not promptly adjudicated. Their

17 ⁴ “By presenting to the court a pleading, written motion, or other paper —
 18 whether by signing, filing, submitting, or later advocating it — an attorney or
 19 unrepresented party certifies that to the best of the person's knowledge,
 20 information, and belief, formed after an inquiry reasonable under the
 21 circumstances:

22 (1) it is not being presented for any improper purpose, such as to harass,
 23 cause unnecessary delay, or needlessly increase the cost of litigation;

24 (2) the claims, defenses, and other legal contentions are warranted by existing
 25 law or by a nonfrivolous argument for extending, modifying, or reversing
 26 existing law or for establishing new law;

27 (3) the factual contentions have evidentiary support or, if specifically so
 28 identified, will likely have evidentiary support after a reasonable opportunity
 for further investigation or discovery; . . .”

26 Fed.R.Civ.P. Rule 11(b). Plaintiff is not asking for Rule 11 sanctions, but rather pointing
 27 out the seriousness and consequences of factual allegations that are made in pleadings.

1 Counterclaim for Declaratory Relief reads in relevant part as follows:

2
3 Giant will be damaged in its business by the aforesaid charges of
4 infringement by Soreson [*sic*] and will be **irreparably harmed if the**
5 **existing controversy between the parties is not promptly**
adjudicated.

6 Docket # 7, Counterclaim, paragraph 10 (emphasis added).

7 The allegations in Giant's pleadings are judicial admissions, which cannot be
8 overcome by Giant simply by filing a motion and declaration asserting that a stay is
9 appropriate. Rather, Giant is held to its judicial admission that it will be "irreparably
10 harmed if the existing controversy between the parties is not promptly adjudicated."

11 Due to Giant's judicial admission, Giant is estopped from arguing for a stay of
12 the present litigation. Parties "are bound by admissions in their pleadings, and a
13 party cannot create a factual issue by subsequently filing a conflicting affidavit."
14 *Hughes v. Vanderbilt University* 215 F.3d 543, 549 (6th Cir., 2000) *citing Reid v.*
15 *Sears, Roebuck & Co.*, 790 F.2d 453, 460 (6th Cir.1986) 790 F.2d 453, 460 (6th Cir.
16 1986).

17 The Court in *American Title Ins. Co. v. Lacelaw Corp.*, 861 F.2d 224, 226 (9th,
18 Cir. 1988) stated: "Factual assertions in pleadings and pretrial orders, unless
19 amended, are considered judicial admissions conclusively binding on party who
20 made them." The *American Title* Court further observed that: "Judicial admissions
21 are formal admissions in the pleadings which have the effect of withdrawing a fact
22 from issue and dispensing wholly with the need for proof of the fact." *In re Fordson*
23 *Engineering Corp.*, 25 B.R. 506, 509 (Bankr.E.D.Mich.1982). Factual assertions in
24 pleadings and pretrial orders, unless amended, are considered judicial admissions
25 conclusively binding on the party who made them. *See White v. Arco/Polymers,*
26 *Inc.*, 720 F.2d 1391, 1396 (5th Cir.1983); *Fordson*, 25 B.R. at 509.

27 Further, the Court in *Soo Line R. Co. v. St. Louis Southwestern Ry.*, 125 F.3d
28 481, 483 (7th Cir. 1997) concluded: "although the rule smacks of legalism, judicial

1 efficiency demands that a party not be allowed to controvert what it has already
2 unequivocally told a court by the most formal and considered means possible.”

3 Because Giant has not, and is not permitted to, demonstrate that it would
4 suffer any harm from proceeding in this lawsuit, Giant’s request for stay must be
5 denied.

6
7 **III. JUDICIAL ECONOMY AND THE INTERESTS OF BOTH PARTIES**
8 **WOULD BE SERVED BY A PARTIAL STAY OF THIS CASE.**

9 As demonstrated above, Plaintiff would be greatly prejudiced by a complete
10 stay, and Defendant Giant has pled that it will be harmed if the case is not promptly
11 adjudicated. Therefore, the weighing the balancing interests of the parties, it is
12 imperative that the parties proceed with this case at least partially.

13 Plaintiff is not proposing that this case progress to the eve of trial, or claim
14 construction, during the pendency of the existing reexamination. Rather, Plaintiff
15 agrees that expert depositions on claim construction, claim construction briefing and
16 hearing, as well as trial on infringement, can and should wait until the stay is lifted.
17 Defendant will not suffer any prejudice by attending an ENE, preparing a discovery
18 plan, or responding to limited discovery requests aimed at identifying the proper
19 defendants and the preservation of evidence.

20 Some examples of critical discovery that does not require completion of the
21 reexamination include: (1) information on the manufacturing processes used; (2)
22 production and sales numbers; and (3) the identities and locations of knowledgeable
23 witnesses, documents and physical evidence.

24 Because judicial interests and the interests of both parties would be best served
25 by only a partial stay, Giant’s motion should be denied.

26 **CONCLUSION**

27 Giant’s motion for a complete stay of litigation must be denied because the
28 non-moving Plaintiff, will suffer great prejudice from likely loss of evidence during

1 the stay, moving Defendant is estopped from asserting that proceeding with
2 adjudication of the case will cause it harm, and proper DOE defendants will not be
3 identified until actions against them are time-barred. The requested complete stay
4 should further be denied because judicial economy is best served by enabling
5 discovery to identify all proper defendants and allowing this case to procedurally
6 catch-up to the Black & Decker case to allow for a consolidated claim construction
7 hearing.

8 Plaintiff respectfully requests that the Court deny Defendant Giant's motion
9 for stay as framed, and allow the parties to conduct limited discovery to avoid the
10 loss of evidence during the reexamination. The Court can then schedule claim
11 construction briefing and trial immediately following lift of the stay. Specifically,
12 Plaintiff requests the Court to issue an order as follows:

13 1. Require the parties to engage in a Rule 26 discovery conference to
14 outline the scope of discovery anticipated by all parties and propose a discovery
15 schedule to cover aspects of the case that do not directly bear on the scope of
16 invalidity being considered by the USPTO in reexamination or on explicit claim
17 construction;

18 2. Require the parties to exchange initial disclosures pursuant to Rule 26;

19 3. Allow both parties to conduct depositions and written discovery
20 requests to preserve evidence for the purposes of later trial as follows: the identity
21 and location of manufacturers of the Accused Products to be named as Additional
22 DOE Defendants, the volume of sales of the Accused Products identified in the
23 Amended Complaint; and the manufacturing processes used to produce the Accused
24 Products.

25 RESPECTFULLY SUBMITTED this Friday, January 25, 2008.

26
27 JENS ERIK SORENSEN, as Trustee of
28 SORENSEN RESEARCH AND DEVELOPMENT
TRUST, Plaintiff

1
2 /s/ J. Michael Kaler

3 _____
4 Melody A. Kramer, Esq.
5 J. Michael Kaler, Esq.
6 Attorneys for Plaintiff
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PROOF OF SERVICE

I, J. Michael Kaler declare: I am and was at the time of this service working within in the County of San Diego, California. I am over the age of 18 year and not a party to the within action. My business address is the Kaler Law Offices, 9930 Mesa Rim Road, Suite 200, San Diego, California, 92121. I am a member of the State Bar of California and the Bar of this Court.

On January 25, 2008, I served on the parties to this action the following documents:

**OPPOSITION TO DEFENDANT'S MOTION TO STAY PENDING OUTCOME OF
REEXAMINATION PROCEEDINGS**

PERSON(S) SERVED	PARTY(IES) SERVED	METHOD OF SERVICE
Allison Goddard J. Christopher Jaczko Jaczko Goddard LLP 4401 Eastgate Mall San Diego, CA 92121 agoddard@jaczkogoddard.com cjaczko@jaczkogoddard.com 858-225-3500 FAX	Defendant Giant International (USA) Ltd.	Email – Pleadings Filed with the Court
Dale Lischer Elizabeth G. Borland Kerri A. Hochgesang Smith, Gambrell & Russell, LLP Promenade II, Suite 3100 1230 Peachtree St., N.E. Atlanta, GA 30309 404-685-6945 FAX	Defendant Giant International (USA) Ltd.	Email – Pleadings Filed with the Court

- ☐ (Personal Service) I caused to be personally served in a sealed envelope hand-delivered to the office of counsel during regular business hours.
- ☐ (Federal Express) I deposited or caused to be deposited today with Federal Express in a sealed envelope containing a true copy of the foregoing documents with fees fully prepaid addressed to the above noted addressee for overnight delivery.
- ☐ (Facsimile) I caused a true copy of the foregoing documents to be transmitted by facsimile machine to the above noted addressees. The facsimile transmissions were reported as complete and without error.

1
2 ☐ (Email) I emailed a true copy of the foregoing documents to an email address
3 represented to be the correct email address for the above noted addressee.

4 ☒ (Email--Pleadings Filed with the Court) Pursuant to Local Rules, I electronically filed
5 this document via the CM/ECF system for the United States District Court for the
6 Southern District of California.

7 I declare that the foregoing is true and correct, and that this declaration was executed on Friday,
8 January 25, 2008, in San Diego, California.

9 /s/ J. Michael Kaler

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11 J. Michael Kaler
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